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CIA 'bad paper' and The Mob

By Fred Girard

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WASHINGTON — A U.S. Senate subcommittee is investigating charges that the CIA counterfeited American currency during the Vietnam War for its own purposes and that a large portion of that "money" is now in underworld hands.

Investigators of the permanent subcommittee on investigations and its chairman, Sen. Henry Jackson, D-Wash., confirmed that the investigation is underway.

Jackson said in a statement that the committee's staff "is conducting preliminary inquiries."

Jackson added little, if any, hard evidence has been uncovered thus far.

A subcommittee investigator who asked that his name not be used added his own feelings to Jackson's statement:

"If you are in possession of a certain memorandum, and certain names printed in it, and you print those names, those people's

lives will be in jeopardy."

He continued. "This story concerns national security."

The committee's original tip came from a former Vietnam serviceman now in prison in California on an unrelated charge.

A former Marine, he allegedly told investigators that the CIA obtained virtually authentic engraved plates for American currency and printed its own in order to avoid any accountability to congressional appropriations committees.

The money was intended for use in CIA plots to overthrow or even topple governments unfriendly to the United States — such as Salvador Allende's regime in Chile, the source said.

However, the source is reported to have said that much of the money was diverted to a posing as a retired U.S. Army colonel, who then funneled it into international criminal syndicates.

A second, independent source related two incidents that seem to bear out at least part of the serviceman's story.

The source was recognized

for years as one of the world's most expert dealers in "bad paper" — counterfeit money and stolen or forged securities and travelers checks.

During a secret meeting with a reporter in a city in which the man and his family are now hiding, the former con man told of an invitation in late 1971 or early 1972 from one of the world's largest dealers in counterfeit to attend a meeting in Zurich.

"When I got there he showed me the bad money, all in U.S. hundreds," the man said. "They were perfect — works of art. I can spot bad money from across the room, but the only way I was able to spot this stuff was because some of the serial numbers were identical."

"As a matter of fact, it was too good for me to handle. They wanted me to pay 40 per cent for the money (40 cents on the dollar) and that's too much."

So I turned down the deal, but I asked them where it had come from. They told me it was being moved by an Army colonel in Vietnam."